

April 30, 2009

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Mr. Justin P. Wilson  
Comptroller of the Treasury  
State Funding Board  
State Capitol  
Nashville, Tennessee 37243

Dear Mr. Wilson:

Sections 9-6-201 and 202, Tennessee Code Annotated state that the Funding Board may secure from the Tennessee Econometric Model the estimated rate of growth of the state's economy as measured by the forecast change in Tennessee personal income. Personal income is defined by the United States Department of Commerce. Major assumptions and the methodology used in arriving at the estimates are to be provided as well. This background information to our forecast is included in the *Economic Report to the Governor*, January 2009.

We report the following to you:

Personal				Personal			
Calendar	Income	Growth	Index	Calendar	Income	Growth	Index
Year	(mil \$)	(%)	(1977=100)	Year	(mil \$)	(%)	(1977=100)
1977	26,795	11.16	100.00	1994	105,846	6.84	395.02
1978	30,593	14.17	114.17	1995	112,794	6.56	420.95
1979	34,236	11.91	127.77	1996	118,374	4.95	441.77
1980	37,994	10.98	141.79	1997	124,699	5.34	465.38
1981	42,404	11.61	158.25	1998	133,620	7.15	498.67
1982	45,249	6.71	168.87	1999	140,395	5.07	523.96
1983	48,130	6.37	179.62	2000	148,834	6.01	555.45
1984	53,966	12.13	201.40	2001	154,416	3.75	576.28
1985	57,984	7.44	216.40	2002	159,173	3.08	594.03
1986	61,771	6.53	230.53	2003	165,402	3.91	617.28
1987	66,412	7.51	247.85	2004	174,636	5.58	651.74
1988	71,640	7.87	267.36	2005	183,745	5.22	685.74
1989	76,859	7.28	286.84	2006	195,209	6.24	728.52
1990	81,701	6.30	304.91	2007	205,469	5.26	766.81
1991	85,914	5.16	320.63	2008	213,124	3.73	795.38
1992	93,807	9.19	350.09	2009	214,571	0.68	800.78
1993	99,074	5.62	369.74	2010	220,627	2.82	823.38

We would be pleased to discuss the economic forecast with you in detail.

Best regards,



William F. Fox  
Director